

## STANDSTILL AGREEMENT

This Agreement is entered into by and between the Massachusetts Water Resources Authority, a body politic and corporate and a public instrumentality of the Commonwealth of Massachusetts, existing under the Massachusetts General Laws, Chapter 92 App., § 1-1, et seq., as amended, with its principal place of business at 100 First Avenue, Charlestown, Massachusetts (hereinafter the "Authority"), and Boston Edison Company, a Massachusetts corporation, electric company and public utility, doing business as NSTAR Electric, with its principal place of business at 800 Boylston Street, Boston, Massachusetts (hereinafter "Boston Edison").

WHEREAS, both the Authority and Boston Edison are signatories to two agreements dated August 14, 1990 concerning, among other things, the provision of power and new facilities to deliver that power to the Authority's sewage treatment facilities on Deer Island: "ELECTRIC POWER SUPPLY AGREEMENT BETWEEN BOSTON EDISON COMPANY AND THE MASSACHUSETTS ENERGY RESOURCES AUTHORITY" (hereinafter "EPSA") and "INTERCONNECTION AND FACILITIES SUPPORT AGREEMENT by and between HARBOR ELECTRIC COMPANY, BOSTON EDISON COMPANY, AND THE MASSACHUSETTS WATER RESOURCES AUTHORITY."

WHEREAS, the terms of the 1990 EPSA designate a specified tariff rate, WR, for service provided by Boston Edison to the Authority's sewerage treatment facilities on Deer Island (hereinafter "the WR Rate").

WHEREAS, on or about July 9, 1997, Boston Edison and several other parties entered into and filed with the Massachusetts Department of Public Utilities, a "Restructuring Settlement Agreement" which, among other things, provided all of its retail customers with the opportunity to choose alternative suppliers of power.

WHEREAS, Chapter 164 of the Acts and Resolves of 1997 ("hereinafter "1997 Restructuring Act") restructured the Massachusetts Electric Utility Industry to replace the then existing regulatory framework with a system in which all retail consumers have a right to choose their electric power supplier and, among other things, required distribution companies, including Boston Edison, to provide to all of their existing retail customers (including the Authority but excluding customers with contracts for discounts below cost-based or tariffed rates) standard power service ("Standard Offer Service") at a rate that taken together with all applicable transmission, distribution, and transition charges produces mandated rate reductions for those customers as provided in the 1997 Restructuring Act.

WHEREAS, in the January 28, 1998 order of the Massachusetts Department of Telecommunications and Energy (hereinafter "Department") approving Boston Edison's 1997 Restructuring Settlement Agreement, with modifications, as a plan satisfying the

terms of the 1997 Restructuring Act, the Department determined that the WR Rate should be designed to achieve the rate reduction requirement of the Act with a structure that provided for a separate power cost charge but did not fully unbundle the transmission, distribution and transition charges.

WHEREAS, the Authority has to date always taken "Standard Offer Service" from Boston Edison for its sewerage treatment facilities on Deer Island.

WHEREAS, the Authority solicited bids for another source of power for its sewerage treatment facilities on Deer Island and will begin taking service from another supplier on or about November 1, 2001.

WHEREAS on October 26, 2001, the Authority notified Boston Edison that it intended to commence receiving power from a competitive power supplier for Deer Island effective November 1, 2001 and as a result the Authority would cease taking Standard Offer Service from Boston Edison effective November 1, 2001.

WHEREAS, during the course of recent correspondence and a meeting between representatives of the Authority and Boston Edison concerning the Authority's solicitation of a new power supply and the WR Rate, various positions on the terms of the 1990 EPSA in light of Edison's 1997 Restructuring Settlement Agreement and the 1997 Restructuring Act have been exchanged and Boston Edison has indicated that it intends to file a modification or supplement to the WR Rate tariff in the event that the Authority discontinues Standard Offer Service.

WHEREAS, it is Boston Edison's position that the WR Rate tariff, M.D.T.E. No. 944, as in effect on October 26, 2001, must, as a result of the Authority's change to a competitive supplier, be changed effective November 1, 2001 to reflect unbundled rates for delivery service that includes, among other rate elements, full undiscounted payment of distribution charges, transmission charges and transition charges. For reference, such charges would be as set forth in Attachment A, which is the revised WR Rate tariff that Boston Edison would propose to file in the absence of this Standstill Agreement.

WHEREAS, it is the Authority's position that the terms, rates and charges of the WR Rate tariff, M.D.T.E. No. 944, as in effect on October 26, 2001, and as it may thereafter be changed as provided in the following paragraph, should not be changed as a result of the Authority's change to a competitive supplier of power and that the WR Rate should continue to be calculated on the same basis and in the same amount as if the Authority had continued to receive Standard Offer Service.

WHEREAS, it is understood that Boston Edison will, in the ordinary course, file revised tariffs for all of its rate classes, including a revised WR Rate, by mid-November, 2001 for the purpose of establishing rates and charges to go into effect on January 1, 2002. Such rates and charges would reflect the effects of the annual reconciliation of certain costs and revenues, the effects of providing for any mandated discounts from inflation-adjusted rates, as well as any other rate changes or surcharges resulting from applicable legislation or settlement agreements approved by the Department. Boston

Edison expects that it will make such filings on an annual basis, and may at other times based upon the need for adjustments in overall rate levels from all rate classes.

WHEREAS, in light of the importance and the public interest in achieving a durable and reasonable agreement on the structure of the rates governing the arrangements between Boston Edison and the Authority in connection with the sewerage treatment facilities on Deer Island, Boston Edison and the Authority have agreed to continue to meet until at least December 13, 2001 to attempt to reach such an agreement and believe that avoiding any unilateral change in the existing terms of their relationship will increase the likelihood of achieving success in that undertaking.

NOW THEREFORE, in consideration of the promises exchanged herein, the Authority and Boston Edison agree as follow:

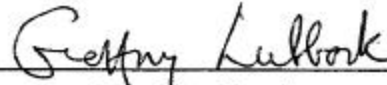
1. In order to permit Boston Edison and the Authority to negotiate a settlement respecting their positions as set forth above, and based upon the Authority's agreement as set forth herein to pay applicable delivery rates retroactive to November 1, 2001, Boston Edison agrees that it will forego the filing of a tariff as set forth above for a period through December 13, 2001.
2. For the period through December 31, 2001, the Authority shall continue to pay delivery charges as set forth in M.D.T.E. No. 944. In the event Boston Edison and the Authority reach a settlement as to the appropriate level of delivery charges after November 1, 2001, which settlement is subsequently approved by the Department, the Authority agrees that it will pay to Boston Edison such charges retroactive to November 1, 2001, less any amounts that have already been paid for such period pursuant to M.D.T.E. No. 944.
3. In the event that Boston Edison and the Authority are unable to reach a settlement by December 13, 2001, they agree that any determination by the Department on the question of whether the terms, rates and charges of the WR Rate tariff should change as a result of the Authority's choice of a competitive supplier of power, made in response to a tariff proposal submitted to the Department by Boston Edison on or before December 14, 2001, shall, as between the parties, be retroactive to November 1, 2001, and the Authority will pay to Boston Edison rates and charges consistent with such determination retroactive to November 1, 2001, less any amounts that have already been paid for the period from November 1, 2001 through the effective date of a successor tariff. In so agreeing to pay any such rates or charges retroactive to November 1, 2001, the Authority agrees that it will not assert any defense, or otherwise argue to the Department or a court of competent jurisdiction, that such rates or charges should not, to the extent that such rates and charges are otherwise lawful, apply retroactively to November 1, 2001.
4. Except as specifically provided in Paragraphs 1, 2, and 3 above, the Authority and Boston Edison reserve and do not in any way waive or abandon any other rights they may have or positions they may take in connection with the

services provided by Boston Edison and received by the Authority at its sewerage treatment facilities on Deer Island, including but not limited to issues concerning terms of the 1990 agreements between the Authority and Boston Edison, Boston Edison's 1997 Restructuring Settlement Agreement, and the 1997 Restructuring Act.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of October 31, 2001.

BOSTON EDISON COMPANY


By:



Geoffrey Lubbock

MASSACHUSETTS WATER  
RESOURCES AUTHORITY

By:



Nancy C. Kurtz

M.D.T.E. No. 960

Sheet 1

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## BOSTON EDISON COMPANY

MASSACHUSETTS WATER RESOURCES AUTHORITY RATE WR

## AVAILABILITY

Service under this rate is available for electricity supplied and delivered in bulk for the purpose of construction and operation of the Deer Island Treatment Facility from the Boston Edison Company's K Street Transmission Station.

## CHARACTER OF SERVICE

High tension alternating current, 60 cycles, 3 phase, at 115,000 volts nominal.

## MONTHLY CHARGE

The Monthly Charge will be the sum of the Retail Delivery Service and the Supplier Service Charges.

## DELIVERY SERVICES

Part A: Applicable if Customer is receiving Standard Offer Service under the Supplier Services option listed below.

Customer Charge	\$ 9,494.00	
Demand Charge Per kW (in excess of 5,000 kW)	<u>October - May</u> \$0.71	<u>June - September</u> \$1.19
Energy Charge Per Delivered kWh	<u>October - May</u>	<u>June - September</u>
Peak Hours Use	0.461 ¢	0.662 ¢
Off-Peak Hours Use	0.233 ¢	0.290 ¢
<u>Energy Efficiency Charges</u>		
Energy Charge Per Delivered kWh	0.270 ¢	
<u>Renewables Charges</u>		
Energy Charge Per Delivered kWh	0.100 ¢	

BOSTON EDISON COMPANY

MASSACHUSETTS WATER RESOURCES AUTHORITY RATE WR

DELIVERY SERVICES (continued)

Part B: Applicable if Customer is receiving energy supply services other than the Standard Offer Service listed below under Supplier Services.

<u>Distribution Charge</u>	\$225.00	
<u>Transmission Charge</u>		
Demand Charge Per kW (in excess of 5,000 kW)	<u>October - May</u> \$1.37	<u>June - September</u> \$1.37
<u>Transition Charge</u>		
Energy Charge Per Delivered kWh	<u>October - May</u>	<u>June - September</u>
Peak Hours Use	1.397 ¢	1.397 ¢
Off-Peak Hours Use	1.397 ¢	1.397 ¢
<u>Energy Efficiency Charges</u>		
Energy Charge Per Delivered kWh	0.270 ¢	
<u>Renewables Charges</u>		
Energy Charge Per Delivered kWh	0.100 ¢	

SUPPLIER SERVICES

<u>Standard Offer Charge (Optional)</u>	
Energy Charge Per Delivered kWh	As in effect per Tariff
<u>Default Service (Optional)</u>	As in effect per Tariff

BOSTON EDISON COMPANY

MASSACHUSETTS WATER RESOURCES AUTHORITY RATE WR

STANDARD OFFER SERVICE

Standard Offer Service is available under this tariff for the Massachusetts Water Resources Authority ("MWRA") so long as it has not yet chosen a supplier other than the Company on or after the retail access date, when retail choice becomes available to all customers. As long as the MWRA remains on Standard Offer Service, it will pay the Rate for Standard Offer Service set forth above in addition to the Rates for Retail Delivery Service. Once the MWRA has begun to take service from another supplier, it is no longer eligible for Standard Offer Service.

Standard Offer Service may be terminated by the MWRA provided that notice of the change of supplier was received by the Company five (5) or more business days before the next scheduled meter read date.

DEFAULT SERVICE

If the MWRA has received service at their Deer Island Treatment Facility from a supplier other than the Company, and does not have a current supplier, it is no longer eligible to receive Standard Offer Service. In this case, the MWRA will receive Default Service from the Company in accordance with the terms and price for Default Service as approved by the Department of Telecommunications and Energy.

MINIMUM CHARGE

The minimum charge per month is the Customer Charge or the Distribution Charge, as applicable.

DETERMINATION OF DEMAND

The billing demand will be the maximum fifteen-minute demand (either kilowatts or 90 percent of the kilovolt-amperes) as determined by meter during the monthly billing period,

except any demand recorded during off-peak hours will be reduced by 70 percent. Demands established prior to the application of this rate shall be considered as having been established under this rate.



BOSTON EDISON COMPANY

MASSACHUSETTS WATER RESOURCES AUTHORITY RATE WR

BILLING

In determining if a demand charge reduction is applicable, the following defines the peak and off-peak periods:

- (1) During the months of June through September, the peak period shall be the hours between 9 A.M. and 6 P.M. weekdays. During the months of October through May, the peak period shall be the hours between 8 A.M. and 9 P.M. weekdays.
- (2) All other hours shall be off-peak including twelve Massachusetts holidays as follows:

New Year's Day  
Martin L. King Day  
President's Day  
Patriot's Day  
Memorial Day  
Independence Day

Labor Day  
Columbus Day  
Veteran's Day  
Thanksgiving Day  
Day after Thanksgiving  
Christmas Day

ADJUSTMENTS

Charges under this rate shall be adjusted from time to time in accordance with: the Default Service Adjustment Provision; the Transmission Service Cost Adjustment Provision, the Transition Cost Adjustment Provision, and the Restructuring True-up Charge.

Filed: November 1, 2001

Effective: November 1, 2001